


Minnkota Messenger

March-April 2017



Reaching out to the
next generation

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Collin Jensen, Minnkota board chairman, addresses the 230 members and guests attending the Minnkota and Square Butte annual meetings April 7.

Power with purpose

Annual meetings highlight opportunities, collaboration

As the electric utility industry continues to evolve and expand in complexity, Minnkota Power Cooperative and Square Butte Electric Cooperative are guided by a clear and constant purpose – their members.

The two cooperatives emphasized the importance of a strong and unified membership during their annual meetings held April 7 at the Alerus Center in Grand Forks, N.D. About 230 delegates and guests heard reports on activities in 2016 and what key staff members see impacting the future of the industry.

The meeting's theme, "Power with purpose," was featured during the morning's information session. Business meetings for both cooperatives were held in the afternoon to elect directors and hear officer reports.

Mac McLennan, Minnkota president & CEO, said it is critical that the cooperative defines its own path forward amidst uncertainty and aggressive industry change.

"The world we operate in is changing significantly," said McLennan, who also serves as Square Butte general manager. "We must make decisions with intent and purpose.

That doesn't always mean it's going to be the right decision, but at least we are defining our own path and not allowing the world to run over us."

Collin Jensen, Minnkota board chairman, compared navigating industry risks to driving a car on treacherous winter roads.

"Being from the North Country here, we sometimes find the road might be icier than we thought," Jensen said. "What's the worst thing you can do in this situation? Panic. You've got to keep your head up, stay focused and make adjustments as needed.

"While operating Minnkota is certainly more difficult than operating an automobile, your management and your board are looking ahead and keeping their eyes on the road."

Jensen pointed to safety as one of Minnkota's major accomplishments during the year. Grand Forks-based employees reached one million work hours and counting with no lost-time incidents – an achievement that required more than two years of safe work. Employees at the Young Station have also performed well, recording only

two relatively minor incidents during 2016. Industry-based statistics and metrics show that Minnkota is performing equal to or better than its peers in all areas of safety.

Young 2 outage completed

Minnkota completed major maintenance projects on its generation and transmission assets in 2016 to ensure they are dependable and efficient for the next generation of consumers. During the year, an extended outage was completed on the Square Butte-owned Unit 2 of the Milton R. Young Station to conduct boiler maintenance and other various projects that help support the plant's overall reliability.

In addition to the outage, Minnkota began the evaluation of a postcombustion carbon capture project on Unit 2. Known as Project Tundra, the venture is still in the feasibility stages, but it shows promise as a real-world solution to operating in a carbon-managed world. Building partnerships will be key to the long-term success of the plant, according to Mark Habedank, Square Butte board president.

"It's more important than ever to work together in the cooperative way to remain viable," Habedank said. "With ongoing support from our partners we believe we can continue to increase the value of the energy we produce and remain a fixture in our region's power supply mix."

In addition to lignite coal, wind is an increasingly important resource in Minnkota's power supply portfolio. In 2016, the cooperative reached an agreement with NextEra Energy Resources to purchase energy from a 100-megawatt (MW) addition to the Oliver Wind Energy Center. Known as the Oliver III wind farm, the project brings Minnkota's wind resource capacity to 459 MW.

Power delivery focused on blink outages

During 2016, the cooperative began to accelerate a full-scale plan to address blink

outage issues on its subtransmission system (69 kV and below).

A significant portion of this 2,100-mile system has aged beyond its 50th year of service and was not built to meet the heightened expectations of today's consumers. While it is not practical nor cost-effective to reconstruct all of these lines in the near-term, modifications can be made to help limit their exposure to blinks caused by lightning strikes or wildlife.

Supported by a full study of its 69-kV system completed in 2015, Minnkota began working on existing lines that were experiencing higher-than-average blink outage occurrences. Structures were fitted with equipment to help reduce blink impacts: a hanging lightning arrester, a polymer post-top insulator, a raptor deterrent (pole helmet) and a climbing animal deterrent (pole wrap).

The implementation of these devices will continue during the next several years in impacted areas of the system. About 770 miles of line are scheduled for treatment before the end of 2018. Minnkota will monitor these upgraded stretches of line to ensure the changes are the best solution moving forward.



Mark Habedank, Square Butte board president, makes his opening remarks during the cooperative's annual meeting.



Delegates from Cavalier Rural Electric Cooperative have a discussion prior to the start of the annual meetings.

Three Nodak directors receive Electric Hammer awards

In 1991, Lee McLaughlin, Paul Sigurdson and David Hagert were elected to the Nodak Electric Cooperative board of directors for the first time. At this year's Minnkota annual meeting, each of the directors received the Electric Hammer award recognizing their 25 years of service to the electric cooperative program. The award was established in 1970 by former Minnkota General Manager Andrew Freeman.

McLaughlin, who served as Nodak's representative on the Minnkota board since 2010, retired from both boards following the annual meeting. The membership approved a resolution honoring his strong leadership and commitment. A resolution was also passed for Duane Otto, who retired in January as manager of Cavalier Rural Electric Cooperative after 52 years of service at the co-op.

Peter Mosbeck, director at Red Lake Electric Cooperative, received the Red Lantern award to recognize his 10 years of service to his cooperative's board. The text on the award reads: "Just as the lantern was the friendly symbol of light in rural neigh-



Peter Mosbeck, Red Lake Electric Cooperative director, received the Red Lantern award at the annual meeting recognizing 10 years of service.



Nodak Electric Cooperative directors Lee McLaughlin, Paul Sigurdson and David Hagert received the Electric Hammer award to recognize 25 years of service. The membership also approved a resolution recognizing the commitment and leadership of McLaughlin, who retired following the meeting.

borhoods in bygone days, so is rural electrification the symbol of this era of abundant light, progress and better living."

Windjue newly elected to Minnkota board

During the business session and reorganization meetings, delegates and officers were elected to the Minnkota and Square Butte boards.



Les Windjue
new Minnkota director

The Minnkota board re-elected Jensen, Roseau Electric Cooperative, as its chairman and Russell Okeson, Wild Rice Electric Cooperative, as vice chairman. Jeff Folland, PKM Electric Cooperative, was re-elected as secretary-treasurer. Newly elected to the Minnkota board was Les Windjue, Nodak Electric, to replace the retiring McLaughlin.

Other directors who were re-elected to the board for one-year terms were Rick Coe, Beltrami Electric Cooperative; Sid Berg, Cass County Electric Cooperative; Donald Skjervheim, Cavalier Rural Electric; Leroy Riewer, Clearwater-Polk Electric Cooperative; Steve Arnesen, North Star Electric Cooperative; Colette Kujava, Red Lake Electric Cooperative; and Roger Krostue, Red River Valley Cooperative Power Association.

At the Square Butte annual meeting, Habedank, Wild Rice Electric, was re-elected as president of the Square Butte board of directors and Sigurdson, Nodak Electric, was re-elected vice president. Roger Amundson, Roseau Electric, was re-elected secretary-treasurer and Marcy Svenningsen, Cass County Electric, was re-elected assistant secretary-treasurer.

Delegates re-elected the following directors to one-year terms on the board of directors: Murl Nord, Beltrami Electric; Anthony Ottem, Cavalier Rural Electric; Gary Mathis, Clearwater-Polk Electric; Mike Hanson, North Star Electric; Gordon Bernstrom, PKM Electric; Steve Linder, Red Lake Electric; and Marvis Thompson, Red River Valley Co-op Power. □



The rendering shows what Minnkota's new building will look like when the project is completed in November 2017.

Members tour new headquarters complex, new logo unveiled

About 90 cooperative directors and employees gathered April 6 to take their first in-depth look at the future home of Minnkota.

A preannual meeting membership social was held at the cooperative's new headquarters facility in Grand Forks, N.D. A social hour in the warehouse area was followed by multiple tours of the complex.

The 252,000-square-foot facility was about 75 percent complete at the beginning of April. Plans are to finish construction and operate out of the complex by November 2017. The project remains on time and on budget.

The facility is the first new headquarters complex that Minnkota has built since the 1940s. Minnkota's board of directors had been evaluating long-term infrastructure needs since 2012. The new building project was approved in 2015, with construction starting in September 2015.

Minnkota currently operates out of a set of facilities that were not designed to accommodate the unique and evolving demands of the electric utility industry. The new facility will meet Minnkota's current and long-term needs in the areas of security, workplace efficiency and large equipment storage. The facility will also be energy efficient, using geothermal heating and cooling, as well as LED lighting and high efficiency variable speed drives.

The project has been managed with minimal use of internal staff time, allowing work on behalf of the membership to continue unimpeded. With most of the exterior work completed, the focus through the remaining months of construction will be on the interior and transition planning.

Logo unveiled

In addition to introducing the membership to the new building, staff unveiled Minnkota's new logo at the social.

Minnkota's previous logo had been in place since



A Touchstone Energy® Cooperative 

the late 1990s. With a new headquarters complex being built, a major workforce transition in process and the industry in the midst of change, it was an appropriate time to update the cooperative's corporate identity and branding. All design work was completed in-house by Minnkota's communications department. □



Ray Tozer (far left), Minnkota facilities development manager, provides a tour of the new facility to member cooperative delegates and employees during a preannual meeting social.



Mr. Co-op, Mr. Community

Cavalier Rural Electric's Duane Otto
retires after 60 years
in electric cooperative business

Wally Lang remembers going on trips with Duane Otto in search of drumming up more kilowatt-hour (kWh) sales for Cavalier Rural Electric Cooperative over the years.

Lang, the former Minnkota vice president of transmission, says he and Otto went to the state of Michigan one year in hopes of coaxing a business into putting up a manufacturing plant in which biodegradable hamburger containers would be made out of flax straw.

As general manager of Cavalier Rural Electric, a co-op with just 1,500 consumers located in Langdon, N.D., Otto was forced to think outside the box and try to conjure up as many kWh sales as he could over the years. The idea for biodegradable hamburger containers didn't work out, but there were success stories over his many years at the co-op.

Otto recently retired after 60 years in the electric utility business, the last 52 of which were with Cavalier Rural Electric. That doesn't mean he's stopped searching for growth opportunities for the area and the co-op. He remains on the Cavalier County Job Development Authority board.

"He was always interested in new customers," said John MacFarlane, who worked for Otter Tail Power in Langdon before eventually becoming the Otter Tail president. "They were small, so every sale meant something."

Good friend MacFarlane said that in addition to his relentless search of kWh sales for the co-op, Otto is known for his concern for communities in the region. It makes perfect sense, considering Concern for Community is one of the seven core principles and adhered to by Cavalier Rural Electric and other cooperatives around the world.

He's concerned about the big things in the area, such as helping the hockey association raise funds to build and equip the Dakota Spirit Arena or working to find ways to take full advantage of revenue opportunities from the Langdon Wind Energy Center.



And he's concerned about the little things, too.

People around Langdon recall seeing brooms, shovels and dustpans in the back seat of one of Otto's pickups or cars over the years. It's not that he doesn't have a place to store the clean-up tools, or that he works as a chimney sweep. The reason is simple – Concern for Community. If something is out of place or needs to be cleaned up, Otto likely will stop, maybe grab something out of the back of his car and go to work.

"He really worries about and takes care of Langdon," said Jim Balk, owner of the Bread Pan Bakery. "You will see him walking up and down the streets, picking up garbage, beer cans, pop cans, whatever is in his way."

Oftentimes it's in the morning before the town gets busy. He prefers to be in the background, making silent contributions. Friends say his humble attitude is probably why he declined to be interviewed for this story.

"He's just always behind the scenes," said Carol Goodman of the Cavalier County Job Development Authority.

That hasn't stopped awards from coming his way. One of his biggest honors came in 2005, when he received the Community Service Award from the North Dakota Association of Rural Electric Cooperatives.

A native of the Osnabrock, N.D., area where he grew up on a farm, Otto started working for Cavalier Rural Electric in 1964 and was its general manager from 1971 until 2017. Before taking a job at Cavalier Rural Electric, he worked at Nodak Electric Cooperative in Grand Forks.

"He was always looking out for Cavalier Rural Electric, and he wasn't bashful about being an advocate of that organization at all," Lang said. "He was quiet at most managers meetings. You could tell the gears were going, though. When

he did say something, it was always very well thought out. He had good perspective and was a good listener."

Otto was an old-school manager who never did use a word processor. He used a typewriter until he retired. No job was beneath the soft-spoken Otto, either. One day he could be found mowing the lawn at Cavalier Rural Electric. Another day he could be in the shop working. The next day he could be found in his office doing paperwork.

While his trips to the office have stopped, Otto still makes it to Balk's bakery every day at 6:30 a.m. He orders green tea and a white Long John doughnut, taking about 85 percent of the frosting off.

"I really get a big bang out of Duane," Balk said. "I've seen him clean our windows, I've seen him shovel our side-walk, sweep the side-walk.... He's washed our windows; he's wiped the tables off out front."

He no doubt did a fine job, too. Otto is a perfectionist. He always makes sure the bakery's 16 chairs at two 8-foot tables are aligned when he comes in and when he leaves.

"It's just like a carpenter would line something up – they're just perfect," Balk said. "They're not off a ¼ of an inch."

Friend and Langdon Dairy Queen owner Pete Klingbeil probably said it best:

"You aren't going to find a good man like that anymore." □

Riesen named Cavalier manager

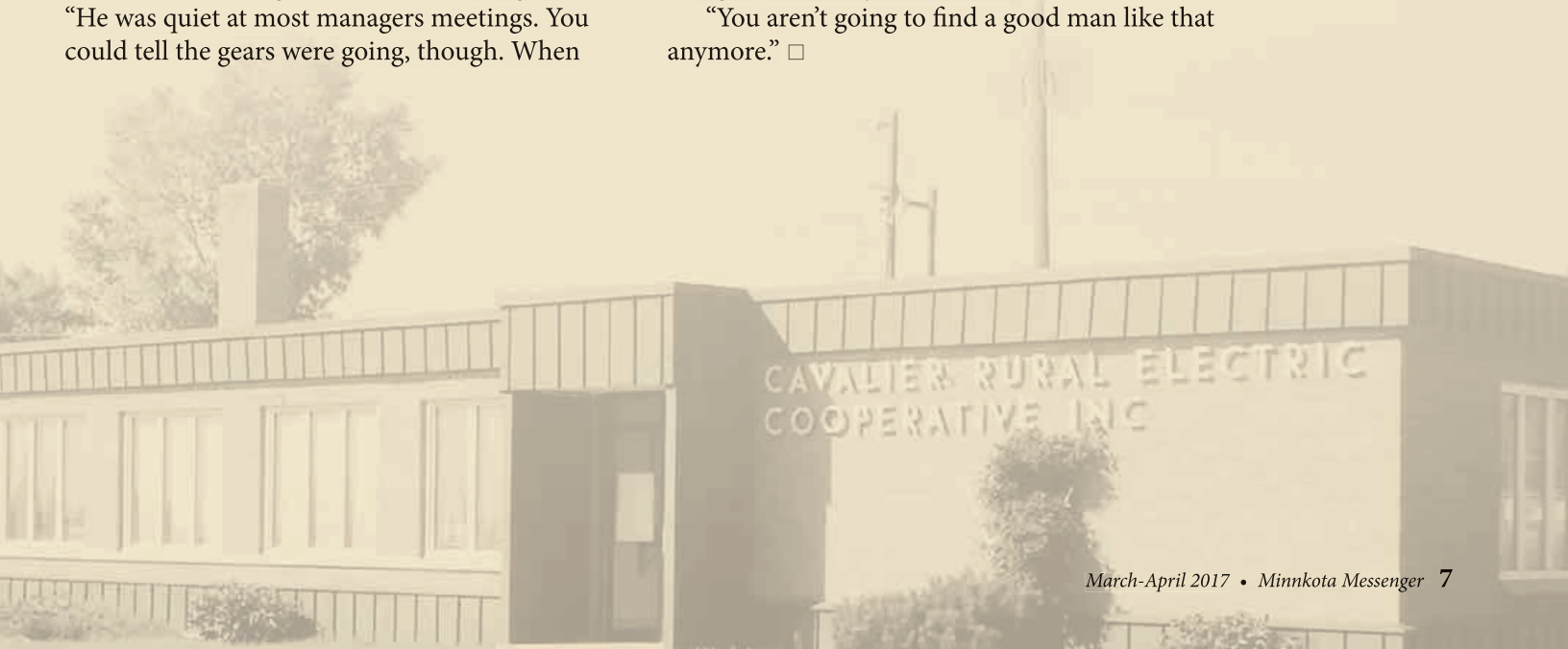
Chuck Riesen is the new manager at Cavalier Rural Electric Cooperative.



Chuck Riesen

Riesen is also manager at PKM Electric Cooperative in Warren, Minn. He has been with PKM for 45 years, starting out as a line worker. He became manager in 1985.

Riesen will spend 50 percent of his time at each of the cooperatives, both of which are Minnkota members.



Reaching out to the next generation

North Star Electric finds ways to connect with its younger member-owners



A man helps position a child at the North Star Electric Cooperative lineman cutout at the carnival.

When the North Star Electric Cooperative board of directors decided the cooperative needed to engage more with its young adult member-owners, North Star employees targeted an even younger group to achieve the goal.

What North Star did was team with Lake of the Woods Early Childhood Family Education (ECFE) to host the ECFE carnival for mostly preschool children in March at Lake of the Woods School in Baudette.

The idea was simple, and came out of an earlier meeting with the young adult members: form a dialogue with young adult member-owners by attending, participating in and sponsoring events for the members' children.

"We didn't have to plan this event; we were able to team with ECFE," said Brad Dolinski, who is heading up the young member-owners initiative for the co-op. "We had a group of four volunteers from North Star and all of us were busy.

"We purchased a couple of little games for the kids to play, we had

balloons, coloring books, suckers and a cutout of a lineman the kids could take their picture with. I'm guessing there were well over a 100 kids."

The carnival participation was part of what North Star is calling "Our Next Generation of Member-Owners."

Kicking the initiative off were meetings at the VFW clubs in Baudette and Littlefork. North Star invited young adult member-owners to the VFWs for pizza to begin the process of getting them more involved in the co-op.

Twenty-two young adult members attended in Baudette and 15 came to the Littlefork event.

Dolinski gave a 10-minute presentation before posing a question to one of the young adult members to get the conversation started at the first meeting in October in Baudette.

"Once the ball started rolling it wasn't a silent meeting," Dolinski said. "There were no dead points. That's when I figured it was really going to work."

Dolinski told the young adults

“Unless we engage our younger members, we are just another bill to them. We need to demonstrate our mission and our values to this increasingly larger audience who has never lived without the convenience of electricity.”

— ANN ELLIS, General Manager, North Star Electric Cooperative

he would only take an hour of their time. When the time was up, he gave them the option to leave.

“Not one person left the room,” he said. “They stood around and talked with each other and to us more about things that came up during the event.”

North Star General Manager Ann Ellis is pleased with the early results. She said the co-op searched for a model to follow regarding engagement of young adult members.

“Unless we engage our younger members, we are just another bill to them,” Ellis said. “We need to demonstrate our mission and our values to this increasingly larger audience who has never lived without the convenience of electricity. We want our members to value the electric utility they own.”

Dolinski said some young adults believe the co-op is more about older generations.

“We just haven’t made a connection with this group of members yet,” he said. “They don’t remember when the lights came on. They just pay the electric bill. We want to better their life. And in turn with all that’s going on in the political world right now, we need voices and we need active members. It’s a win-win.

“Some say it’s not my co-op. It’s my parents’ or my great grandparents’. You really push that it’s your co-op and your opinion matters.”

Dolinski said he hopes to have one to two meetings a year with the young adult focus groups. The co-op also will try other ways in which to connect with the young members.

The idea is to be out there with the members, being a part of the community.

“We are talking about assisting at a couple of high school sports events, maybe having a booth at the parent-teacher conferences,” Ellis said. “And we will work to improve our communications so members know who we are, why we are here and why they should care.”

The co-op also is having a coloring contest in which contestants will bring their pictures to Member Appreciation Days. This is another way to draw more young adults and their children to events. In addition, Dolinski said he would like to see North Star team up with others to host a family fun night with bounce houses and maybe use the high school choir or band for entertainment at the annual meeting to entice parents to attend.

While Dolinski is the lead on the Our Next Generation of Member-Owners project, he deflected credit to several employees who have helped plan and work the events.

“I feel like several of the people who came to the meetings are looking or thinking about the co-op in a different light today,” Dolinski said. “We’re looking to the future; we need all of our members to be involved.” □



Brad Dolinski helps a girl play one of the games at the carnival in Baudette.



Dolinski talks to a very young member.



Dolinski speaks to young member-owners at the VFW in Baudette.

What's next for the Clean Power Plan?

Minnkota to continue pursuing CO₂ capture projects

When the Clean Power Plan was finalized in August 2015, it represented a significant challenge to many of the nation's electric cooperatives, including Minnkota Power Cooperative.

But with a stroke of President Trump's pen on March 28, implementation of the federal rule now seems uncertain.

The Presidential Executive Order on Promoting Energy Independence and Economic Growth directs the Environmental Protection Agency (EPA) to "review and, if appropriate, as soon as practicable, take lawful action to suspend, revise or rescind" the Clean Power Plan.

No matter which route the EPA takes, it will likely be met with new legal, administrative and technical challenges. The process is expected to take years. Minnkota, along with many of the nation's other electric cooperatives, have already dedicated resources to evaluate compliance options under the rule, which aims to regulate carbon dioxide emissions from existing power plants.

"We recognize that this is not the final word on the regulation of carbon dioxide," said Mac McLennan, Minnkota president & CEO. "However, it is a positive step in that it provides additional time for us to evaluate our long-term generation needs."

North Dakota, where all of Minnkota's

generation resources are located, is one of the most significantly impacted states under the Clean Power Plan. The rule, as finalized, requires the state to reduce its CO₂ emissions rate by 45 percent by 2030.

Recognizing the operational and rate impacts of the Clean Power Plan, Minnkota was active from the beginning in the legal process. The cooperative submitted a detailed Statement of Irreparable Harm as part of the initial litigation to suspend application of the rule. In February 2016, the U.S. Supreme Court, in an unprecedented action, granted a stay, thereby halting implementation of the rule until all legal issues have been settled.

After additional unexpected moves by the court, the case was heard in September 2016 by the D.C. Circuit Court of Appeals. Although a ruling was expected in the first quarter of 2017, the court has not yet issued an opinion. On March 28, the Department of Justice requested the court to hold the case "in abeyance" while the EPA reconsiders the rule. It is anticipated that the court will honor the request, and allow EPA to reconsider and propose a new rule to replace the existing final rule.

Project Tundra

While the future of CO₂ regulation is unclear, Minnkota continues to explore new

and innovative technologies at its generation facilities.

The cooperative, along with Allete Clean Energy, the Energy and Environmental Research Center (EERC) and BNI Energy, is evaluating the feasibility of Project Tundra, a postcombustion carbon capture and sequestration (CCS) project at Minnkota's Milton R. Young Station.

Project Tundra proposes to equip Young 2, a 455-megawatt coal-based plant located near Center, N.D., with technology that could capture up to 90 percent of the unit's CO₂ and condition it for enhanced oil recovery (EOR) or permanent storage.

North Dakota is ideally positioned for such a project, since potential CO₂ sources are located in close proximity to the oil fields. In the EOR application, the CO₂ would be transported through a pipeline, and be used on conventionally drilled oil well fields as a means of tertiary recovery. Using CO₂ for this process has been demonstrated in the Williston Basin and in other locations, and substantially increases oil production after initial production and secondary recovery methods like water-flooding are completed.

Minnkota continues to work closely with partners to study the feasibility of the project.

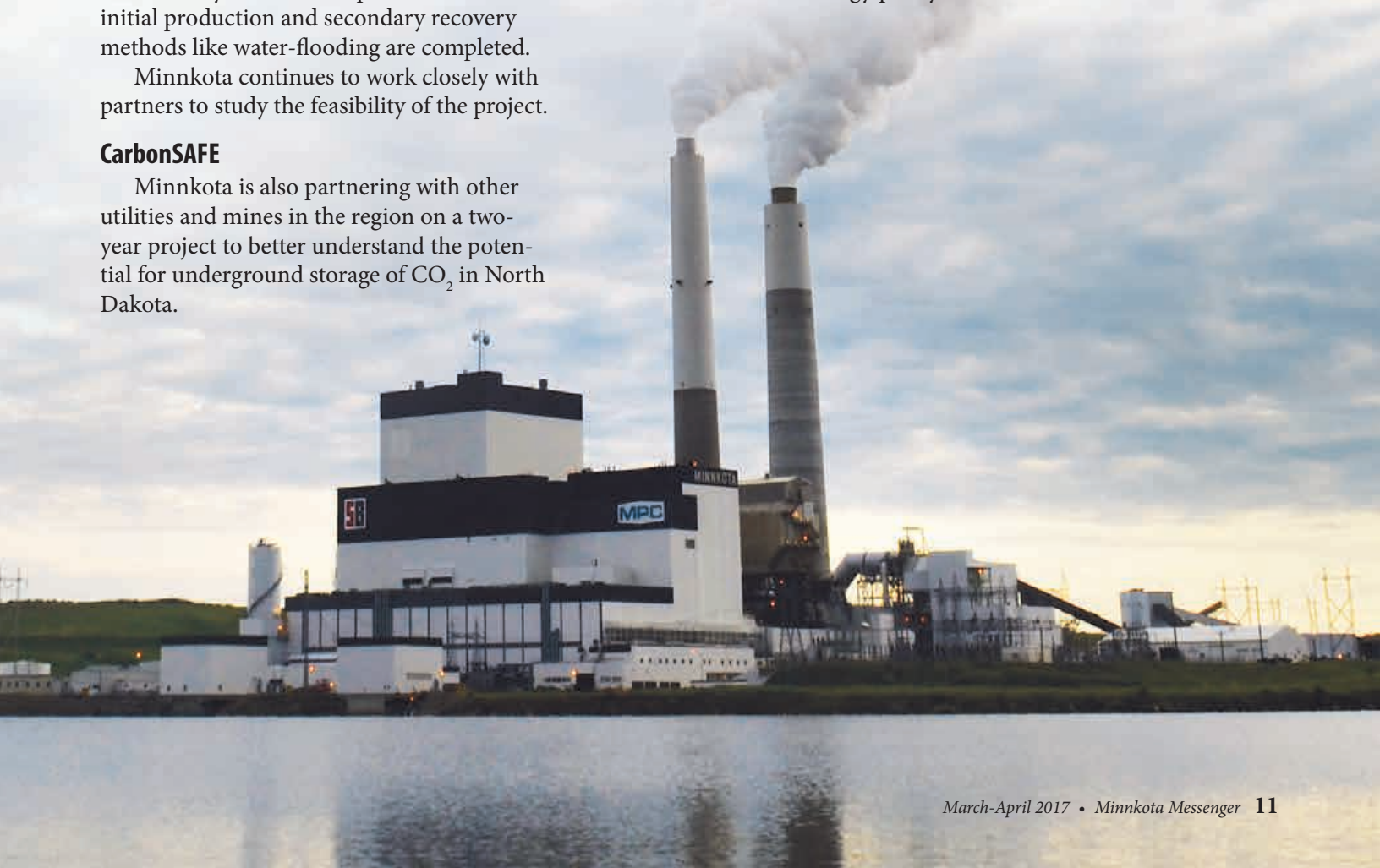
CarbonSAFE

Minnkota is also partnering with other utilities and mines in the region on a two-year project to better understand the potential for underground storage of CO₂ in North Dakota.

The project, referred to as CarbonSAFE, includes drilling a deep test characterization well in Oliver County near the Young Station and another in Mercer County. The test wells are temporary in nature and will be developed and closed following North Dakota Industrial Commission standards.

On March 15, the Industrial Commission approved \$1.5 million from the Lignite Research and Development funds for the project, which will be managed by the EERC in Grand Forks. The total cost is nearly \$14 million, with the bulk of the money coming from the U.S. Department of Energy (DOE). The DOE program seeks to identify at least two sites in North Dakota capable of storing up to 50 million tons of CO₂ each.

"There are several projects currently being pursued in North Dakota that hold great promise for the development of carbon capture and sequestration technology," McLennan said. "We will continue to work with lawmakers and others to gain support for these projects and advocate for a true all-of-the-above national energy policy." □



New website launched

To keep up with the latest Minnkota news and information, visit the cooperative's redesigned website, www.minnkota.com.

The new website was launched March 31 in advance of the cooperative's annual meeting held April 7.

The website has a clean and simplified look, as well as access to more content, improved navigation and optimization for both desktop and mobile platforms. Make sure to view our News Center for regular stories about our operations and membership. □



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For subscription or editorial inquiries, call (701) 795-4282 or send email to bfladhammer@minnkota.com.

Minnkota is a generation and transmission cooperative supplying wholesale electricity to 11 member-owner distribution cooperatives, three in eastern North Dakota and eight in northwestern Minnesota. Minnkota also serves as operating agent for the Northern Municipal Power Agency, an association of 12 municipal utilities in the same service region. Together, the Joint System serves more than 150,000 customers.

Visit Minnkota's website at www.minnkota.com.



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Ben Fladhammer

Graphic Artist Mary Merrill
Photography Kevin Jeffrey
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On the cover: North Star Electric Cooperative placed the seven cooperative principles on a sign it brought to the Lake of the Woods Early Childhood Family Education carnival. North Star teamed with the organization to host the event to attract North Star young adult member-owners. *See story on page 8.*